



JOHN ENGLER
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

DON GILMER
DIRECTOR

March 13, 2002

The Honorable Harry Gast, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48901

The Honorable Marc Shulman, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48901

Dear Legislators:

Attached is the monthly financial report for the month ending January 31, 2002. It is submitted pursuant to Act No. 8 of the Public Acts of 1999. This report can also be found on the Internet at the following address:

www.state.mi.us/dmb/budget under "Financial Reports."

If you have questions concerning the information in the report, please contact this office.

Sincerely,

Don Gilmer
State Budget Director

Attachment

cc: List attached

cc: Governor John Engler
Dan DeGrow, Senate Majority Leader
Rick Johnson, Speaker of the House
Samuel Thomas, House Minority Leader
John Cherry, Senate Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency
Nancy Cassis, Chair, House Taxation
Committee

Joanne Emmons, Chair, Senate
Finance Committee
Bret Marr, Executive Office
Dennis Schornack, Executive Office
Sharon Rothwell, Executive Office
Nancy Duncan, Deputy Director
State Budget Office
Leon Hank, Financial Management
Budget Offices

GENERAL FUND, GENERAL PURPOSE
Projected Revenues and Expenditures
January 31, 2002
(\$ in millions)

FISCAL
2002

Beginning Balance, October 1, 2001	\$28.1
Revenues, Current Law:	
Current Year GF/GP Revenues, January 2002 Consensus	\$9,055.4
Adjustments To Consensus Baseline	
Adjustments to Consensus Baseline	(\$297.1)
Subtotal Adjusted Baseline, January 2002 Consensus	\$8,758.3
Additional Revenue Adjustments:	
Merit Award Trust Fund - lapse to general fund	\$72.5
Delinquent Tax Collection Revenue - lapse to general fund	\$2.5
Tobacco Settlement Trust Fund - lapse to general fund	\$3.0
Tax Amnesty	\$15.5
Cap Revenue Sharing at FY02 Appropriation	\$33.2
Budget Stabilization Fund Withdrawal	\$155.0
Corporations and Securities Fees Revenue - reduce lapse to general fund (PA119 of 2001)	(\$9.8)
Sell Land at Northville Psychiatric Hospital	\$64.6
Liquor Purchase Revolving Fund - equity lapse to general fund	\$1.8
Revenue Adjustment - PA 161 of 2001, Section 397(2)	\$0.2
Adjustments - Executive Order 2001-9	
Merit Award Trust Fund - lapse to general fund	\$59.0
Tobacco Settlement Fund - lapse to general fund	\$24.5
Comprehensive Transportation Fund - reduce deposit and lapse to general fund	\$12.8
Transportation Economic Development Fund - lapse to general fund	\$2.2
Healthy Michigan Fund - lapse to general fund	\$3.4
Teacher-Administrator Preparation and Certification Fund - lapse to general fund	\$1.4
Medical Waste Emergency Response Fund - lapse to general fund	\$1.1
Michigan Health Initiative Fund - lapse to general fund	\$2.5
Motorcycle Safety Fund - lapse to general fund	\$0.2
Teacher Testing Fees Fund - lapse to general fund	\$0.3
Reduce Revenue Sharing	\$37.2
Prior Year Work Project and Capital Outlay lapses	\$20.4
Subtotal of Additional Revenue Adjustments	\$503.5
Total FY Resources Available For Expenditure GF/GP	\$9,289.9
Expenditures, Current Law:	
Enacted Post Vetoes	\$9,528.2
Enacted Supplemental - PA 120 of 2001	\$44.3
Enacted Supplemental - PA 161 of 2001	(\$9.7)
Enacted Supplemental - PA 168 of 2001	\$1.5
Expenditure Reductions (Executive Order 2001-9)	(\$298.7)
Total Enacted	\$9,265.6
Anticipated Expenditure Adjustments:	
Recommended Supplemental (November 6, 2001)	\$41.8
Recommended Supplemental (January 28, 2002)	(\$17.8)
Subtotal Anticipated Expenditure Adjustments	\$24.0
Total Expenditures Projected	\$9,289.6
Projected Ending Balance, September 30, 2002	\$0.3

SCHOOL AID FUND
Projected Revenues and Expenditures
January 31, 2002
(\$ in millions)

FISCAL
2002

Beginning Balance, October 1, 2001	\$694.8
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Current Year School Aid Fund Revenues, January 2002 Consensus	\$10,233.4
Enacted Adjustments To Consensus Baseline	
Income Tax, Personal Exemption Index	(\$5.7)
Sales Tax, Exempt Vended Soft Drinks	(\$2.2)
Sales Tax, Exempt Restaurant Sales to Employees	(\$5.1)
SET, Brownfield/High Tech	(\$5.8)
SET, Agriculture Transfers	(\$1.2)
Rounding	(\$0.1)
Subtotal Baseline Adjustments	(\$20.1)
Rounding	\$0.1
Subtotal, School Aid Fund, Current Year Direct Resources	\$10,213.4
Appropriation from Budget Stabilization Fund for Durant Settlement Payments	\$32.0
Appropriation from GF/GP, as adjusted by Executive Order 2001-9	\$198.4
Federal Aid	\$145.0
Additional Revenue Adjustments	
Federal Aid Increase - PA 121 of 2001	\$58.0
Budget Stabilization Fund withdrawal up to \$350 million - PA 161 of 2001	\$109.5
Subtotal of Additional Adjustments	\$167.5
Total Available SAF Resources	\$11,451.1

Expenditures	
Enacted Appropriations as of PA 297 of 2000	\$11,521.0
Adjustment in PA 121 of 2001	(\$62.7)
Adjustment in Executive Order 2001-9	(\$7.2)
Enacted Appropriations as of PA 121 of 2001	\$11,451.1
Projected School Aid Fund Ending Balance September 30, 2002	(\$0.0)

SUMMARY OF EXPENDITURES AND ENCUMBRANCES

GENERAL FUND GROSS

JANUARY 31, 2002

(\$ IN MILLIONS)

FISCAL YEAR 2000-01

FISCAL YEAR 2001-02

January 2001	Yr-to-date 2000-01	Fiscal Yr end SEP 30, 2001	DEPARTMENT	Initial Approp	Supplem. Approp.	Exp & Enc January 2002	Exp & Enc Yr-to-date 2001-02
5.4	26.9	90.7	Agriculture	100.9	(2.3)	12.3	34.1
4.7	16.1	53.9	Attorney General	64.8	(1.9)	6.1	17.2
26.0	104.6	249.8	Capital Outlay	499.6	(13.4)	29.7	117.2
44.9	112.9	418.3	Career Development	523.4	(4.3)	41.6	125.7
1.3	4.2	15.0	Civil Rights	15.5	(0.3)	1.5	4.4
4.6	12.9	31.1	Civil Service	30.6	(0.6)	2.1	8.0
213.2	804.6	2,097.3	Colleges & Universities	2,137.2	(25.0)	225.2	824.5
379.4	2,875.4	8,250.0	Community Health	8,562.9	(135.2)	606.4	3,889.3
20.2	95.8	239.1	Consumer & Industry Services	290.0	(3.0)	23.5	73.1
130.7	471.2	1,620.2	Corrections	1,721.9	(55.4)	170.6	528.3
89.4	255.6	790.3	Education	996.7	(1.6)	110.5	309.5
13.7	55.9	191.8	Environmental Quality	329.0	(17.2)	17.1	77.0
0.5	1.9	5.7	Executive Office	5.7	(0.2)	0.7	2.1
249.9	959.2	3,349.3	Family Independence Agency	3,632.5	169.1	329.3	1,227.9
		*	History, Arts & Library	81.8	(7.2)	3.9	14.1
2.6	12.4	36.6	Library of Michigan				
27.1	57.0	202.6	Judiciary	246.0	(4.8)	36.6	60.9
9.9	37.3	134.2	Legislature	129.8	(3.9)	14.3	42.6
13.4	62.6	181.9	Management & Budget	175.0	(2.3)	12.6	75.7
0.0	0.0	65.3	Michigan Strategic Fund	64.1	(4.8)	10.0	25.2
8.0	31.0	94.8	Military Affairs	96.9	(1.8)	9.8	35.5
9.7	40.5	115.1	Natural Resources	79.9	(6.8)	7.2	30.7
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
15.3	60.8	204.0	State	182.3	(43.0)	18.0	61.2
30.0	103.4	403.1	State Police	408.9	(1.6)	37.7	112.4
0.0	3.4	(2.0)	Transportation	0.0	0.0	0.0	0.0
32.4	647.6	1,887.6	Treasury	1,962.5	(49.3)	25.6	659.4
\$1,332.3	\$6,853.2	\$20,725.7		\$22,337.8	(\$216.6)	\$1,752.3	\$8,356.0

*History, Arts, and Libraries did not exist in FY01.

Expenditures related to this department were in: Consumer & Industry Services, Library of Michigan, Michigan Strategic Fund, Natural Resources, and State.

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2002
(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,050.2	(44.2)	16,006.0
Total state spending from state resources	26,286.0	(414.3)	25,871.7
Percentage of state spending from state resources paid to local units	61.06%		61.87%
Required payments to local units (48.97%)	12,872.3		12,669.4
Surplus/(deficit)	\$3,177.9		\$3,336.6

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
OCTOBER 1, 2001 THROUGH JANUARY 31, 2002
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
Miscellaneous	<u>7,683</u>
Total Revenues	<u>7,683</u>

EXPENDITURES

Current:	
General government	-
Education	-
Family Independence services	-
Public safety and corrections	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues over (under)	
Expenditures	<u>7,683</u>

OTHER FINANCING SOURCES (USES)

Proceeds from Bond Issues	-
Operating transfers from:	
State Lottery Fund	-
Other funds	<u>(67,000)</u>
Total operating transfers from other funds	<u>(67,000)</u>
Operating transfers to other funds	<u>-</u>
Total Other Financing Sources (Uses)	<u>(67,000)</u>
Excess of Revenues and Other	
Sources over (under) Expenditures	
and Other Uses	<u><u>\$ (59,317) ¹</u></u>

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES
MICHIGAN STRATEGIC FUND
OCTOBER 1, 2001 THROUGH JANUARY 31, 2002
(in thousands)

OPERATING REVENUES

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Financing fees	105
Other	-
Total miscellaneous	<u>105</u>
Total Operating Revenues	<u>105</u>

OPERATING EXPENSES

Salaries, wages, and other administrative	0
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	3
Total other operating expenses	<u>3</u>
Total Operating Expenses	<u>3</u>
Operating Income (Loss)	<u>103</u>

NONOPERATING REVENUES (EXPENSES)

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	-
Other nonoperating revenue	-
Total other nonoperating revenues	<u>-</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	-
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income (Loss) Before Operating Transfers	<u>103</u>

OPERATING TRANSFERS

Operating transfers from primary government	-
Operating transfers to primary government	<u>(88)</u>
Total Operating Transfers In (Out)	<u>(88)</u>
Net Income (Loss)	<u>\$ 15 ¹</u>

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
OCTOBER 1, 2001 THROUGH JANUARY 31, 2002
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>10,350</u>
Total Revenues	<u>10,350</u>

EXPENDITURES

Current:	
General government	(9)
Conservation, environment, recreation, and agriculture	262
Capital outlay	<u>1,572</u>
Total Expenditures	<u>1,824</u>
Excess of Revenues over (under) Expenditures	<u>8,525</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Operating transfers from other funds	-
Operating transfers to other funds	<u>(4,627)</u>
Total Other Financing Sources (Uses)	<u>(4,627)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 3,898 ¹</u>

¹ Balance does not reflect closing adjustments such as accounts receivable,
accounts payable, etc.

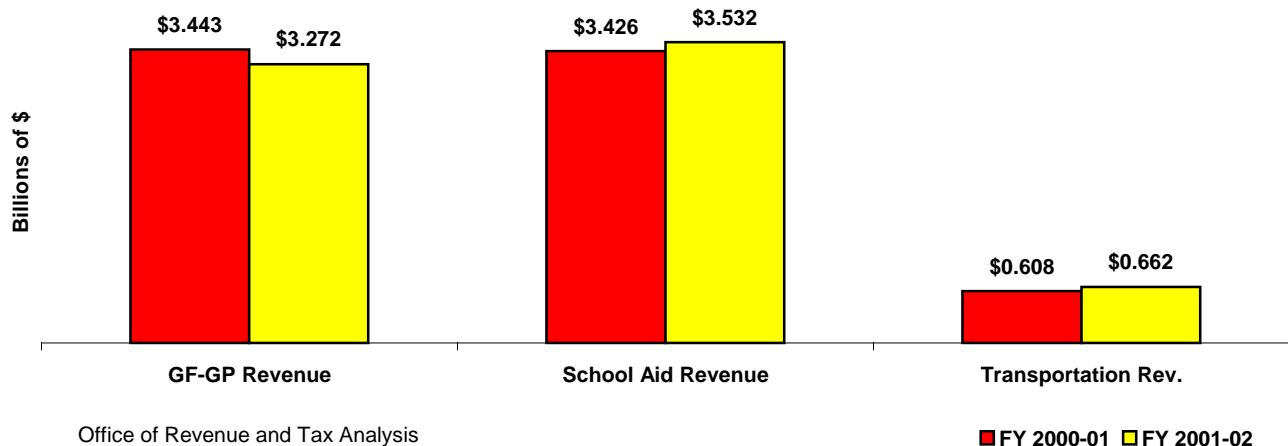
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the state government's cash collections for January 2002, representing some December and some January economic activity in Michigan.

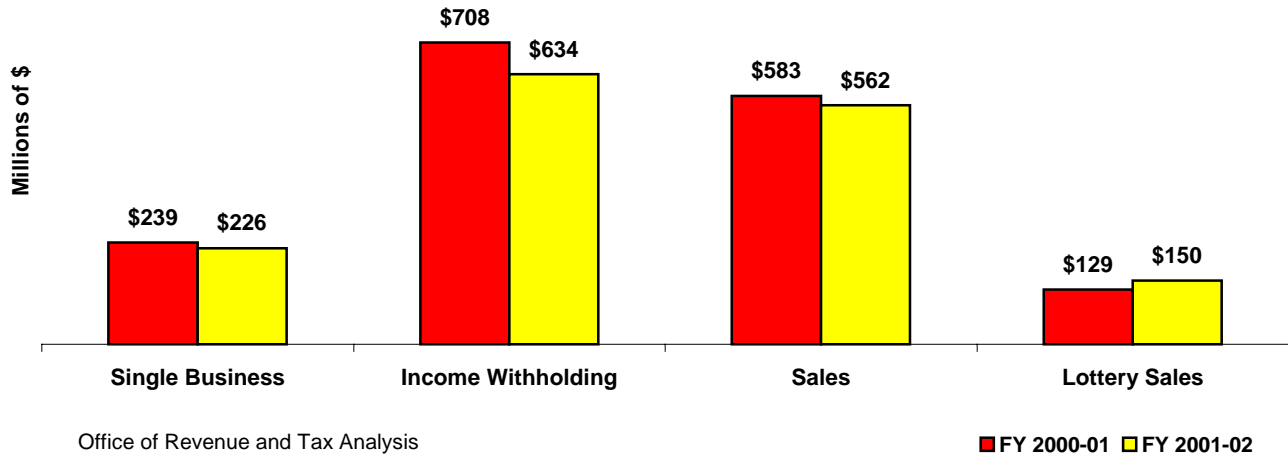
Total General Fund-General Purpose revenue was \$148.5 million (13.5 percent) lower in January 2002 than in January 2001. School Aid Fund revenue was \$39.8 million (4.4 percent) lower than in January 2001. Growth rates for January were reduced by tax cuts and by the effects of the New Year's holiday on the timing of payments. Transportation revenue was \$13.3 million (8.2 percent) higher than in January 2001 (see revenue table). Year-to-date collection totals generally provide a more accurate view of collections since they are less affected by the timing of payments. January is the fourth month of the state's fiscal year. For the fiscal year, General Fund-General Purpose Revenue is down \$170.6 million (5.0 percent); School Aid Fund revenue is up \$106.2 million (3.1 percent), and transportation revenue is up \$53.5 million (8.8 percent).

FY 2001-2002 revenue forecasts presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on January 15, 2002. The net General Fund – General Purpose revenue forecast for FY 2001-2002 is \$8,758.3 million. The net School Aid Fund revenue forecast is \$10,213.4 million, and the major Transportation Funds revenue forecast is \$2,155.2 million. The revenue projections for each tax are shown after all tax adjustments. The next revenue conference is scheduled for May 2002.

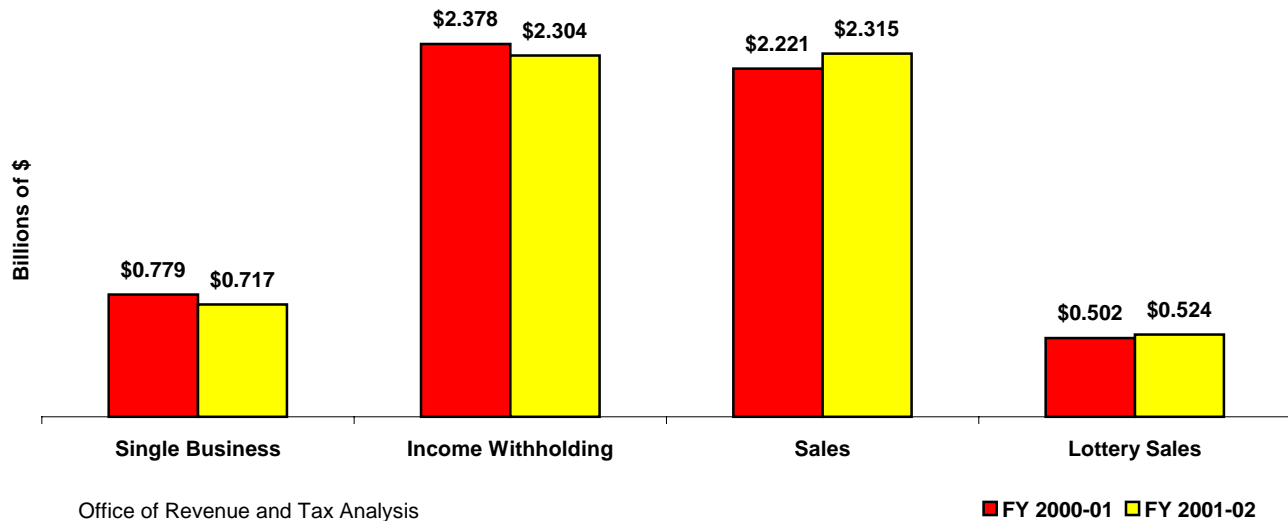
**October through January Collections
Fiscal Years 2000-01 and 2001-02**



January Revenue Collections Fiscal Years 2000-01 and 2001-02



October through January Collections Fiscal Years 2000-01 and 2001-02



Revenue Summary 2001-02
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: January 31, 2002

-10-	MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
	January		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2000-2001	2000-2002	2000-2002
	2001	2002	Amount	Percent		2000-01	2001-02	Amount	Percent	Jan. 2002	Statutory	Jan. 2002
	Consensus											
	Estimate											
	Consensus											
	Income Taxes											
	\$708,120	\$633,528	(\$74,592)	-10.5%	Withholding	\$2,377,775	\$2,304,475	(\$73,300)	-3.1%	\$6,596,100	\$6,804,400	\$6,615,300
	231,749	182,929	(48,820)	-21.1%	Quarterlies	298,450	242,674	(55,777)	-18.7%	782,800	873,500	777,800
	6,644	9,787	3,144	47.3%	Annuals	47,154	46,612	(542)	-1.1%	693,800	703,200	688,800
946,513	826,244	(120,268)	-12.7%	Gross Collections	2,723,380	2,593,761	(129,619)	-4.8%	\$8,072,700	\$8,381,100	\$8,081,900	
60,998	68,196	7,198	11.8%	Less: Refunds	117,214	144,078	26,864	22.9%	1,324,400	1,388,700	1,380,200	
0	0	0	na	State Campaign Fund	0	0	0	na	1,300	1,200	1,500	
885,514	758,049	(127,466)	-14.4%	Net Personal Income	2,606,166	2,449,683	(156,483)	-6.0%	\$6,747,000	\$6,991,200	\$6,700,200	
227,163	203,917	(23,246)	-10.2%	Less: Disbursements to SAF	653,611	628,121	(25,490)	-3.9%	\$1,955,300	\$2,058,000	\$1,982,600	
\$658,351	\$554,131	(\$104,220)	-15.8%	NET PERSONAL INCOME TO GF-GP	\$1,952,555	\$1,821,562	(\$130,993)	-6.7%	\$4,791,700	\$4,933,200	\$4,717,600	
Consumption Taxes												
\$7,279	\$7,361	\$83	1.1%	Sales (a,b)	\$26,356	\$31,232	\$4,876	18.5%	\$78,900	\$112,700	\$87,700	
66,236	66,007	(229)	-0.3%	Use (c)	285,060	304,522	19,462	6.8%	887,500	936,200	934,700	
11,760	12,109	349	3.0%	Cigarette	49,529	49,202	(327)	-0.7%	146,200	142,700	143,500	
3,195	3,420	225	7.0%	Beer, Wine & Mixed Spirits	15,375	15,166	(210)	-1.4%	50,400	51,200	51,000	
3,647	3,071	(576)	-15.8%	Liquor Specific	9,631	8,674	(958)	-9.9%	29,300	28,500	29,600	
\$92,117	\$91,968	(\$149)	-0.2%	TOTAL CONSUMPTION TAXES	\$385,951	\$408,795	\$22,844	5.9%	\$1,192,300	\$1,271,300	\$1,246,500	
Other Taxes												
\$239,027	\$225,711	(\$13,316)	-5.6%	Single Business (a)	\$779,412	\$716,973	(\$62,438)	-8.0%	\$2,022,300	\$2,082,000	\$1,898,700	
26,861	20,313	(6,548)	-24.4%	Insurance Premiums Taxes	75,899	68,762	(7,137)	-9.4%	200,700	199,000	214,000	
265,888	246,023	(19,864)	-7.5%	Sub-total SBT & Insurance	855,310	785,735	(69,575)	-8.1%	2,223,000	2,281,000	2,112,700	
16,841	25,785	8,945	53.1%	Inheritance / Estate	58,932	61,204	2,273	3.9%	155,500	193,000	127,000	
26	(76)	(101)	na	Telephone & Telegraph	19,556	66,869	47,313	242.0%	152,500	150,400	152,000	
5,887	2,846	(3,041)	-51.7%	Oil & Gas Severance	21,774	11,704	(10,071)	-46.3%	60,100	57,000	43,000	
10,713	10,098	(615)	-5.7%	Penalties & Interest	47,449	46,589	(860)	-1.8%	157,400	137,000	155,000	
0	145	145	na	Miscellaneous Other/Railroad	2,105	389	(1,716)	-81.5%	1,500	0	0	
(6,083)	(6,250)	(167)	2.7%	Treasury Enforcement Programs	(24,333)	(24,750)	(417)	-1.7%	(73,400)	(74,000)	(75,000)	
\$293,270	\$278,572	(\$14,698)	-5.0%	TOTAL OTHER TAXES	\$980,794	\$947,741	(\$33,053)	-3.4%	\$2,676,600	\$2,744,400	\$2,514,700	
\$1,043,739	\$924,671	(\$119,068)	-11.4%	SUBTOTAL GF-GP TAXES	\$3,319,299	\$3,178,098	(\$141,202)	-4.3%	\$8,660,600	\$8,948,900	\$8,478,800	

continued

Revenue Summary 2001-02
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: January 31, 2002

-11-

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA						REVENUE PROJECTIONS		
January		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2000-2001	2000-2002	2000-2002	
2001	2002	Amount	Percent		2000-01	2001-02	Amount	Percent	Jan. 2002	Statutory	Jan. 2002	
									Consensus	Estimate	Consensus	
Non-Tax Revenue												
\$3,333	\$2,500	(\$833)	-25.0%	Federal Aid	\$13,333	\$13,333	\$0	0.0%	\$24,600	\$45,000	\$30,000	
108	150	42	38.5%	Local Agencies	433	475	42	9.6%	1,800	1,300	1,800	
500	400	(100)	-20.0%	Services	2,000	1,900	(100)	-5.0%	4,800	6,000	4,800	
2,083	2,000	(83)	-4.0%	Licenses & Permits	8,333	8,250	(83)	-1.0%	23,500	25,000	24,000	
32,261	3,785	(28,476)	-88.3%	Investments/Interest Costs	32,261	3,785	(28,476)	-88.3%	50,000	8,000	(10,000)	
4,583	4,167	(417)	-9.1%	Misc. Non-tax Revenue	18,333	16,667	(1,667)	-9.1%	38,600	55,000	50,000	
9,583	9,583	0	0.0%	Liquor Purchase Revolving Fund	38,333	37,833	(500)	-1.3%	118,800	113,000	115,000	
2,667	3,083	417	15.6%	From Other Funds-Lottery & Escheats	10,667	12,083	1,417	13.3%	66,800	68,000	64,000	
\$55,119	\$25,668	(\$29,451)	-53.4%	TOTAL NON-TAX REVENUE	\$123,694	\$94,327	(\$29,368)	-23.7%	\$328,900	\$321,300	\$279,600	
\$1,098,858	\$950,339	(\$148,518)	-13.5%	TOTAL GF-GP REVENUE	\$3,442,993	\$3,272,424	(\$170,569)	-5.0%	\$8,989,500	\$9,270,200	\$8,758,300	
School Aid Fund												
\$236,671	\$228,157	(\$8,514)	-3.6%	Sales Tax 4% (a)	\$901,944	\$939,573	\$37,629	4.2%	2,581,400	2,732,900	2,651,200	
188,800	181,555	(7,245)	-3.8%	Sales Tax 2%	717,913	748,680	30,767	4.3%	2,050,000	2,172,900	2,106,300	
33,376	33,087	(290)	-0.9%	Use Tax 2%	143,563	152,594	9,031	6.3%	444,500	469,100	468,300	
93,210	94,456	1,246	1.3%	State Education Property Tax	573,191	624,603	51,411	9.0%	1,489,600	1,534,200	1,548,000	
22,959	13,251	(9,708)	-42.3%	Real Estate Transfer Tax	94,679	79,954	(14,725)	-15.6%	252,900	263,000	251,000	
50,000	60,000	10,000	20.0%	Lottery Transfer (d)	135,000	149,009	14,009	10.4%	587,000	594,000	570,000	
5,595	7,647	2,051	36.7%	Casino Wagering Tax	16,325	23,616	7,291	44.7%	75,400	81,000	83,000	
3,647	3,021	(625)	-17.1%	Liquor Excise Tax	9,631	8,624	(1,007)	-10.5%	28,400	28,500	29,600	
29,470	30,344	874	3.0%	Cigarette/Tobacco Tax	124,117	123,296	(821)	-0.7%	383,100	372,500	375,500	
4,383	444	(3,939)	-89.9%	Indus. & Comm. Facilities Taxes	52,479	50,199	(2,281)	-4.3%	131,300	135,000	133,000	
959	522	(437)	-45.5%	Specific Other	3,323	3,722	399	12.0%	15,200	13,700	14,700	
227,163	203,917	(23,246)	-10.2%	Income Tax Earmarking	653,611	628,121	(25,490)	-3.9%	\$1,955,300	\$2,058,000	\$1,982,600	
\$896,233	\$856,401	(\$39,833)	-4.4%	TOTAL SCHOOL AID FUND	\$3,425,777	\$3,531,993	\$106,216	3.1%	\$9,994,100	\$10,454,700	\$10,213,400	
\$583,251	\$561,816	(\$21,435)	-3.7%	SALES TAX 6%	\$2,221,153	\$2,314,636	\$93,482	4.2%	\$6,352,300	\$6,727,700	\$6,525,000	
394,451	380,261	(14,190)	-3.6%	SALES TAX 4%(f)	1,503,241	1,565,956	62,715	4.2%	4,302,300	4,554,800	4,418,700	
188,800	181,555	(7,245)	-3.8%	SALES TAX 2%	717,913	748,680	30,767	4.3%	2,050,000	2,172,900	2,106,300	
100,129	99,260	(869)	-0.9%	USE TAX 6%	430,690	457,783	27,093	6.3%	1,333,600	1,407,300	1,405,000	
46,483	47,861	1,378	3.0%	TOBACCO TAXES	195,768	194,474	(1,294)	-0.7%	596,100	579,900	584,000	
84,308	87,067	2,760	3.3%	TOBACCO SETTLEMENT	84,308	89,226	4,918	5.8%	na	na	na	

continued

Revenue Summary 2001-02
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: January 31, 2002

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MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH JANUARY CASH COLLECTIONS DATA					REVENUE PROJECTIONS		
January		Difference		SOURCE OF REVENUE	Year-to-Date		Difference		2000-2001	2000-2002	2000-2002
2001	2002	Amount	Percent		2000-01	2001-02	Amount	Percent	Jan. 2002	Statutory	Jan. 2002
ConsensusEstimateConsensus											
Major Transportation Revenues											
\$8,974	\$8,316	(\$658)	-7.3%	Diesel Fuel	\$30,821	\$31,736	\$915	3.0%	\$133,150	\$141,000	\$135,000
67,664	77,459	9,795	14.5%	Gasoline	297,731	324,048	26,317	8.8%	933,494	940,000	943,200
73,413	78,575	5,162	7.0%	Motor Vehicle Registration	232,690	260,008	27,318	11.7%	777,903	815,000	810,000
5,910	5,296	(614)	-10.4%	Other Taxes, Fees & Misc.	20,538	21,853	1,314	6.4%	200,472	188,052	192,820
6,566	6,179	(387)	-5.9%	Comprehensive Transportation (e)	26,264	23,912	(2,352)	-9.0%	79,046	75,205	74,148
\$162,526	\$175,825	\$13,299	8.2%	TOTAL MAJOR TRANS. REVENUES	\$608,044	\$661,557	\$53,512	8.8%	\$2,124,065	\$2,159,256	\$2,155,167
Lottery Sales By Games (d)											
49,365	58,237	8,871	18.0%	Instant Games	198,668	214,964	16,296	8.2%	na	na	na
53,884	64,114	10,230	19.0%	Daily Games	213,290	225,379	12,090	5.7%	na	na	na
25,271	26,426	1,156	4.6%	Lotto and Big Game	86,556	80,168	(6,389)	-7.4%	na	na	na
758	954	197	25.9%	Keno Game	3,074	3,375	301	9.8%	na	na	na
\$129,277	\$149,731	\$20,454	15.8%	TOTAL LOTTERY SALES	\$501,589	\$523,886	\$22,298	4.4%	na	na	na

a Effective beginning FY 97 all revenue sharing distributions are funded through sales tax collections.

b GF-GP Sales has been estimated based on CTF and Health Initiative shares.

c GF-GP Use tax has been estimated by subtracting administrative costs of the senior drug program.

d The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.

e The CTF distributions for FY 2002 have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).

f 2% collections adjusted to reflect exemption on residential utilities.

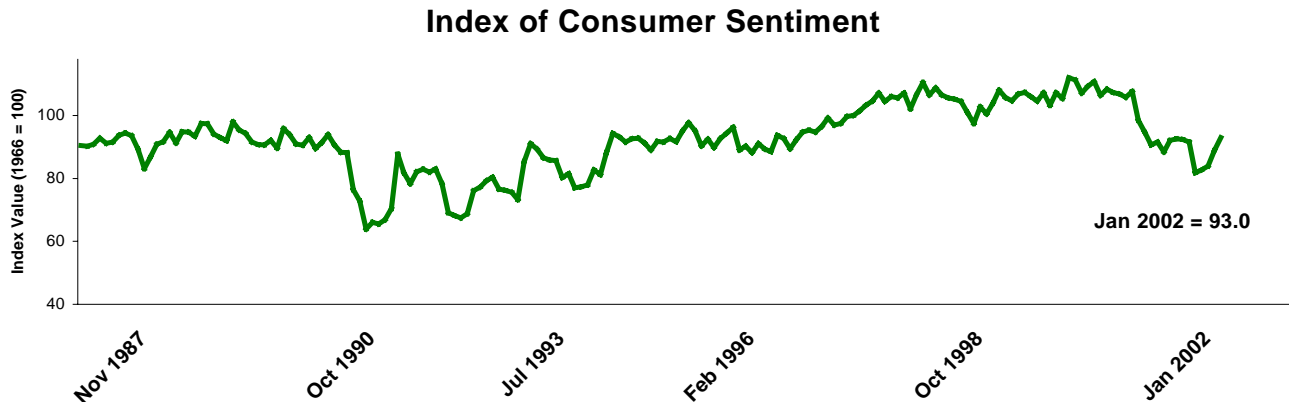
g Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

Source: Michigan Department of Treasury, Office of Revenue and Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Management and Budget, and other reports from the Michigan Department of Treasury.

Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

U. S. Economy



Source: University of Michigan, Survey Research Center

The **Index of Consumer Sentiment** was 93.0 in January, up 4.2 index-points from the December value. The index has recovered one-third of the decline from the peak in January 2000 to the September 2001 low. Survey director Richard Curtin reports, "The gains have been due to a renewed sense of optimism about future economic conditions." He also notes, "In comparison, consumers' assessments of current economic conditions has remained at the low level recorded in September." He also adds, "while the divergence in evaluations of future economic prospects from current conditions defines a turning point, it does not mean that consumers think that all economic problems will vanish at the start of the recovery." Curtin also indicates that while the percentage of those viewing vehicle buying conditions as favorable fell slightly in January, the 71 percent reading was well above the 60 percent figure of January 2001. Finally, he noted that "despite more frequent price discounting on household durables, consumers were more concerned about their depleted budgets and high debt, making them somewhat more hesitant to purchase these goods. Among all consumers, one-in-five cited their concerns about their future incomes as reasons for postponing purchases of large household durables."

The advance estimate of real **Gross Domestic Product** for the fourth quarter of 2001 is \$9,315.6 billion (chained 1996 dollars), an increase of 0.2 percent at an annual rate. This may mark the end to contraction in the U.S. economy began in March. The definition of recession periods is officially determined after the fact by the National Bureau of Economic Research. With the slight expansion in the fourth quarter, the 2001 recession may be one of the mildest in history. The fourth quarter growth was concentrated in durable goods consumption that grew at a 38 percent annual rate, in part due to the surge in light vehicle sales during the quarter. Fixed investment declined at an 11 percent annual rate, about twice as negative as the third quarter's -5.7 percent rate of decline. Government spending grew at a 9.2 percent rate in the fourth quarter after growing at a 0.3 rate in the previous quarter. Exports continued to decline in fourth quarter (-12.4 percent rate) while imports declined at -3.4 percent rate. As a result the trade deficit was \$21.6 billion larger. Business continued to liquidate inventories for the fourth consecutive quarter, with the fourth quarter liquidation rate of \$120.6 billion almost double the third quarter liquidation rate. With the draw down of inventories, real final sales grew at a 2.5 percent rate in the fourth quarter after declining at a 0.5 percent rate in the third quarter. On the

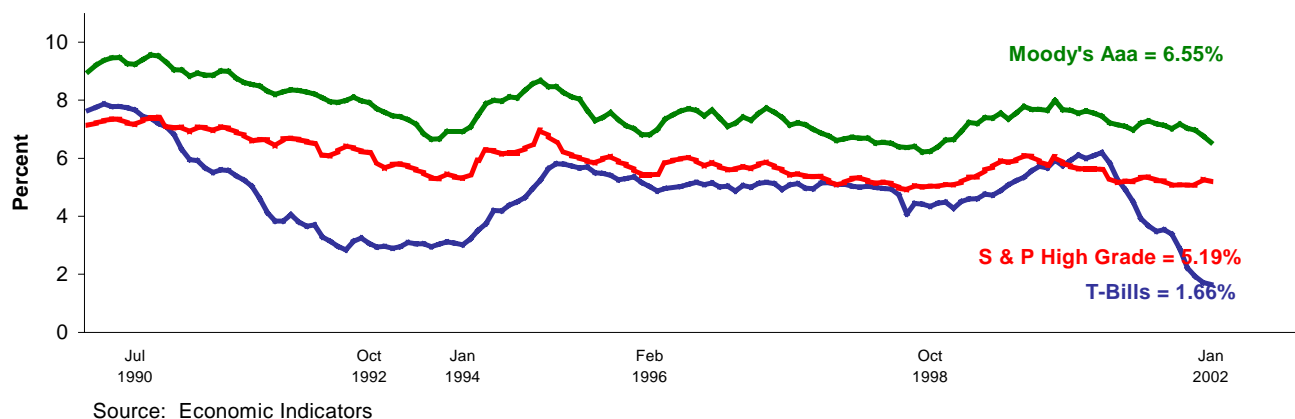
inflation front, the **implicit price deflator** measure estimate decreased at 0.3 percent annual rate, well down from the 2.2 percent rate of increase observed during the third quarter.

For calendar year 2001, real GDP increased 1.1 percent, well below from the 4.1 percent growth recorded in 2000. Real final sales grew by 2.2 as business liquidated inventories. For the calendar year, the implicit price deflator rose 2.2 percent, slightly below the 2.3 percent rate of increase observed in 2000.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.2 percent in January, compared to a revised decline of 0.1 percent in December. Energy prices increased 0.9 percent in January, but have fallen at a 22 percent rate since July. The all-items less energy component rose 0.2 percent in January, after rising 0.1 percent in December. For the six months since July, the all-items index increased at a 0.3 percent annual rate.

Compared to January 2001, the all-items index increased 1.1 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 2.8 percent; housing, 2.0 percent; medical care, 4.7 percent; recreation, 1.5 percent; education and communication, 3.2 percent; and other goods and services, 4.1 percent, with tobacco prices up 7.0 percent; while apparel was down 4.0 percent; and transportation was down 3.8 percent, with gasoline prices down 22.7 percent.

Selected Key Interest Rates

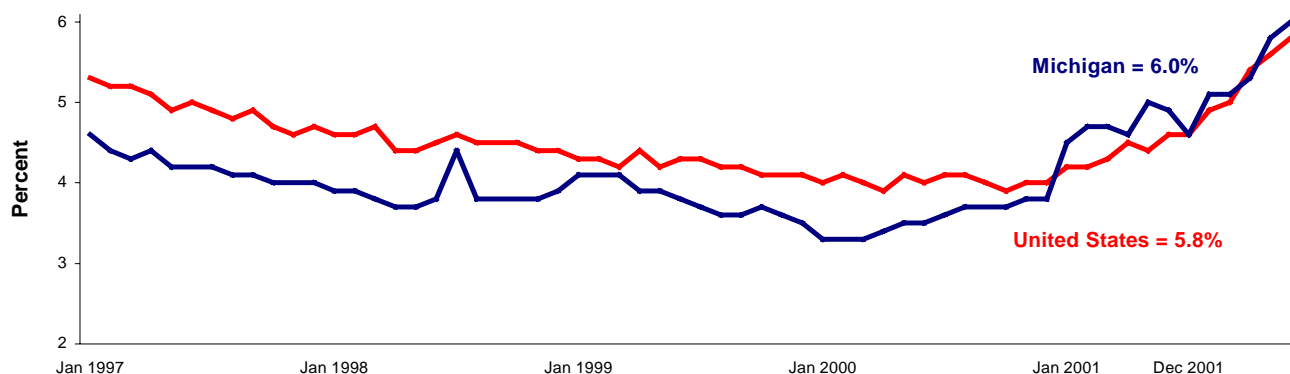


Short-term **interest rates** declined 0.06 of a percentage point in January as the 3-month Treasury bill (T-bill) rate averaged 1.66 percent. T-bill rates have not been this low in over 43 years (summer 1958). Compared to one year ago, the T-bill rate is down 3.61 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.21 of a percentage point to an interest yield of 6.55 percent in January. Compared to one year ago, the Aaa bond yield is down 0.60 of a percentage point. The interest rate on High-grade municipal bonds decreased 0.09 of a percentage point to 5.19 percent in January, and stands just 0.04 of a percentage point above its year ago level. The Federal Open Market Committee (FOMC) left the federal funds target rate unchanged at 1.75 percent at its January 30, 2002 meeting. Since January 2001, the FOMC has lowered the federal funds target 11 times by a total of 4.25 percentage points. In its latest statement, the committee indicated that "Signs that weakness in demand is abating and economic activity is beginning to firm have become more prevalent." And for the foreseeable future the FOMC continues to believe, "the risks are weighted mainly toward conditions that may generate economic weakness."

In January, the **U. S. unemployment rate** decreased 0.2 of a percentage point from December's rate to 5.6 percent, and was up 1.4 percentage points from one year ago. Civilian employment totaled

133.5 million persons in January, a decrease of 587,000 from the December level, and 2.4 million below the January 2001 level. The employment loss in January was accompanied by a 924,000 decrease in the size of the labor force--those people working or actively seeking employment--resulting in the higher unemployment rate.

Unemployment Rates 1997 - 2001



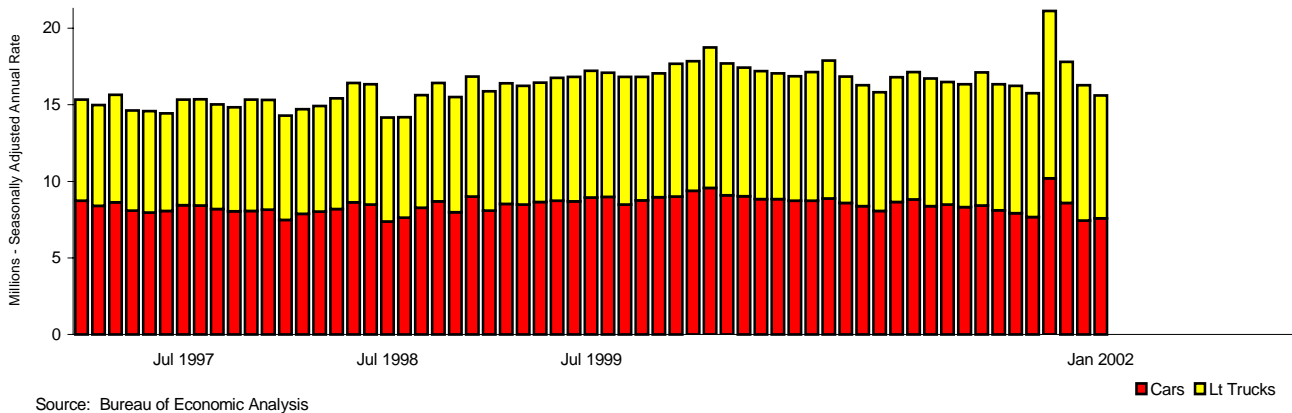
Source: Bureau of Labor Statistics and Michigan Department of Career Development, Employment Service Agency

Release of January's labor market data for Michigan has been delayed until early March. In December, the **Michigan jobless rate** rose 0.2 of a percentage point from the revised November figure to 6.0 percent. Compared to a year ago, Michigan's December jobless rate was up 2.2 percentage points. The number of people employed was down 19,000 from November's revised figure to 4,928,000 in December, and was 97,000 below the December 2000 level. The December employment loss was accompanied by a 8,000 decrease in the Michigan labor force resulting in the higher unemployment rate. Monthly unemployment rates fluctuate due to statistical sampling errors. Therefore, the three-month average of 5.7 percent may be a better measure of actual job market conditions.

For calendar 2001, revised annual average data have been released. The average unemployment rate was 5.3 percent, up from a preliminary estimate of 5.0 percent, while the national average jobless rate was 4.8 percent. The number of people employed in Michigan for 2001 was 4,901,000, down 115,000 (2.3 percent) from 2000. The civilian labor force totaled 5,175,000 in 2001, down 26,000 (0.5 percent) from 2000.

Motor Vehicle Sector

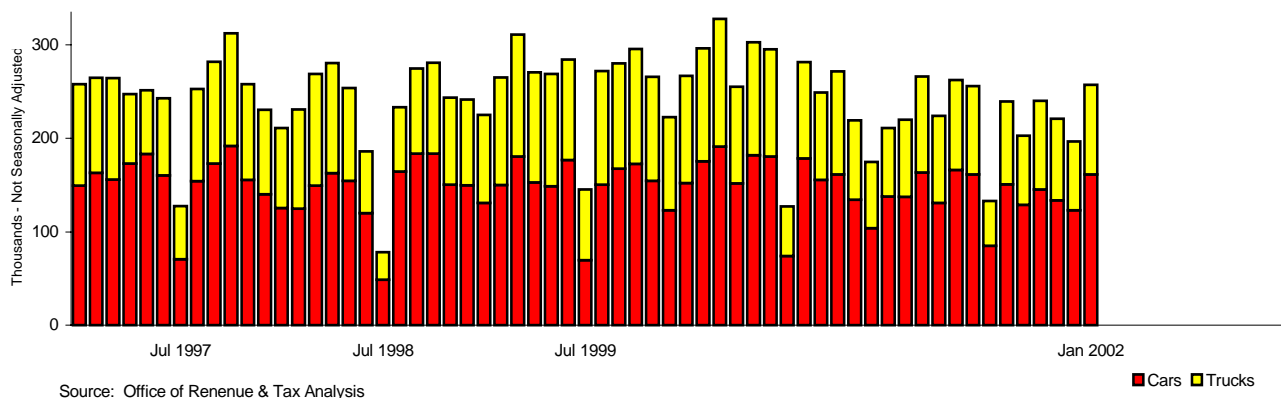
U. S. Light Vehicle Sales



U. S. light vehicle sales (cars + light trucks) declined 0.7 million units in January compared to December selling at a 15.6 million unit seasonally adjusted annual rate. Domestic car sales were up 2.3 percent while domestic light truck sales were down 10.8 percent. Import car sales were up 0.7 percent, while import truck sales were up 4.3 percent. As a result, the domestic share fell 1.2 percentage points to 78.6 percent. Compared to last year, light vehicle sales were down 1.2 million units (7.0 percent), with domestic car sales down 19.4 percent and domestic trucks sales down 3.9 percent. With import car sales up 9.9 percent and import truck sales up 20.3 percent, the domestic share fell 3.8 percentage points from a year ago. For the fiscal year-to-date, domestic light vehicles have an 80.9 percent share of a 17.7 million unit market.

Michigan motor vehicle production. Michigan motor vehicle production increased to 257,333 units in January. From a year ago, motor vehicle production increased 22 percent in Michigan and 20 percent nationally. In January, Michigan's car production was 161,666 units while the state's truck production was 95,667 units. Compared with a year ago, car production increased 18 percent in Michigan and rose 7 percent nationally. The state's truck production increased 30 percent and national truck production increased 32 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit
Based on the January 15, 2002 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal year 1999-2000 Actual	Fiscal Year 2000-2001 Actual	Fiscal Year 2001-2002 Estimate
Revenue Limit Calculation			
Applicable Calendar Year Personal Income	\$277,296	\$289,390	\$297,781
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$26,315.4	\$27,463.1	\$28,259.4
Amount Under Limit Calculation			
Revenue Limit	\$26,315.4	\$27,463.1	\$28,259.4
State Revenue Subject to Limit	\$23,796.2	\$23,809.8	\$24,301.2
Amount Under (Over) Limit	\$2,519.2	\$3,653.3	\$3,958.2

Sources:

Personal Income Estimate

The FY 1999-00 calculation uses the official personal income estimate for calendar year 1998 (Survey of Current Business, August 1999).

The FY 2000-01 calculation uses the official personal income estimate for calendar year 1999 (Survey of Current Business, October 2000).

The FY 2001-02 calculation uses the preliminary April 2001 release for personal income for calendar year 2000 (Bureau of Economic Analysis).

Revenue Subject to the Limit

The FY 1998-99 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 1999.

The FY 1999-00 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2000.

The FY 2000-01 calculation uses the January 15, 2002 Consensus Revenue Agreement.

Prepared By: Office Of Revenue and Tax Analysis, Michigan Department of Treasury